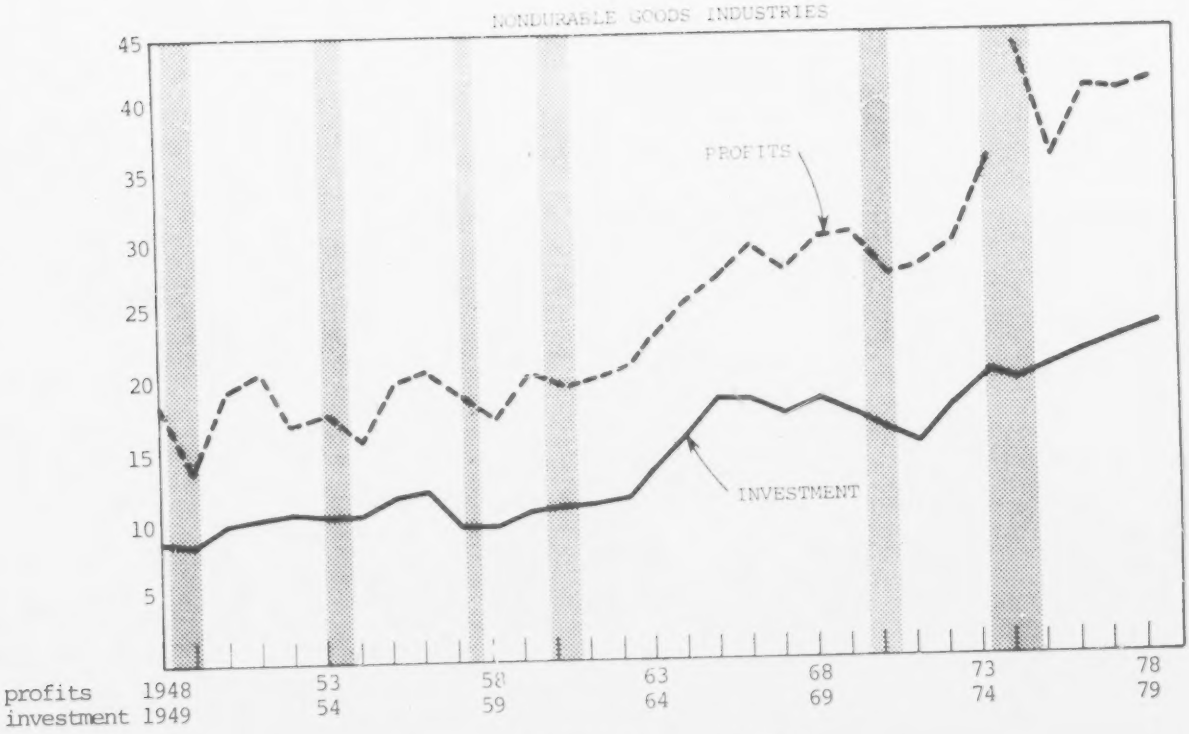

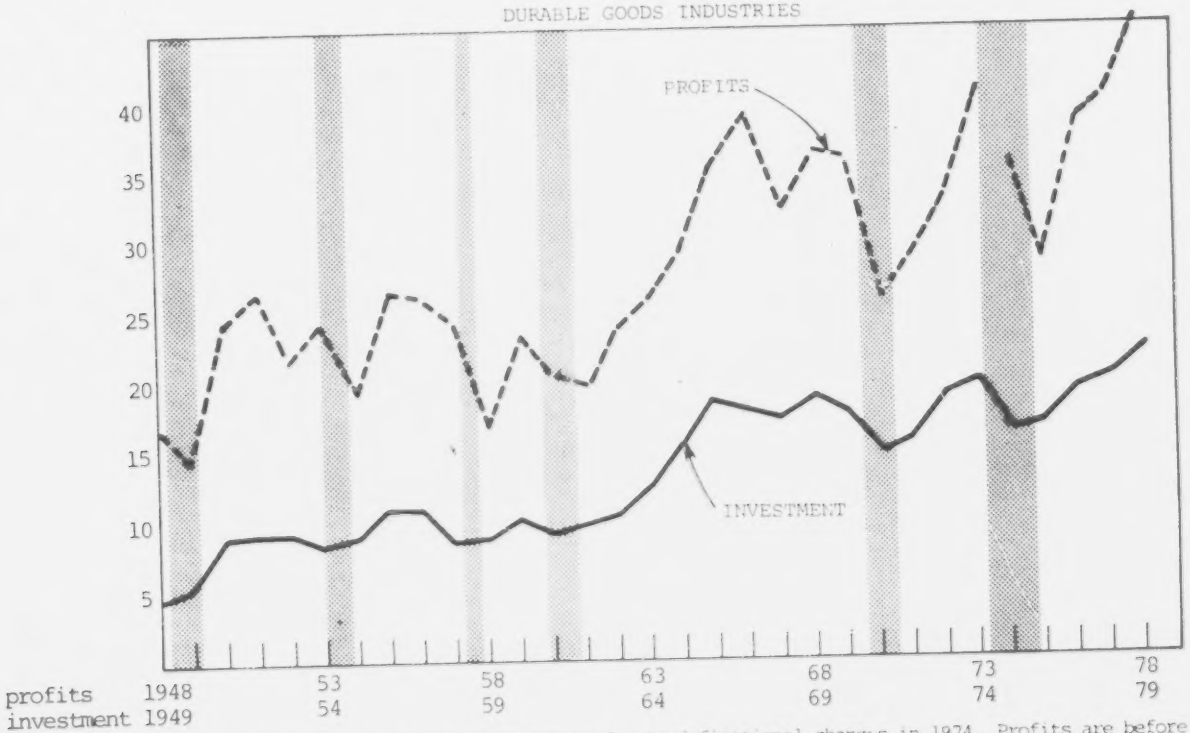

NOTE: Discontinuity in profits series is due to definitional changes in 1974. Profits are before taxes. Investment is business expenditures for new plant and equipment. Both profits and investment are in constant 1972 dollars. Shaded areas represent recessions.

SOURCES: Federal Trade Commission, Department of Commerce.

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NOTE: The other durables category listed in the tables includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. Other nonmanufacturing includes communications, construction, and transportation other than airlines and railroads. The commercial category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, and laundries.

TABLE I

CORPORATE PROFITS BEFORE TAXES
(Millions of Dollars)

Industry	1978 (actual)	1979 (estimated)	1980 (expected)	-----% Change----- 1978-79	1979-80
Iron & Steel	$ 3,316	$ 2,802	$ 2,718	-15.5%	- 3.0%
Nonferrous Metals	1,776	2,593	2,126	46.0	-18.0
Machinery	14,923	16,863	18,870	13.0	11.9
Electrical Machinery	10,140	11,261	13,006	11.1	15.5
Autos, Trucks & Parts	8,073	5,570	3,899	-31.0	-30.0
Aerospace	2,726	3,497	4,112	28.3	17.6
Fabricated Metals	6,091	7,197	7,834	18.0	9.0
Instruments	4,814	5,055	5,712	5.0	13.0
Stone, Clay & Glass	3,631	3,885	3,768	7.0	- 3.0
Other Durables	6,041	6,712	7,001	11.1	4.3
TOTAL DURABLES	61,531	65,425	69,046	6.5	5.5
Chemicals	12,215	13,333	15,053	9.2	12.9
Paper & Pulp	3,621	4,674	4,660	29.1	- 0.3
Rubber	1,904	1,971	2,050	3.5	4.0
Petroleum Products	15,620	24,251	25,706	55.3	6.0
Food & Beverages	9,296	10,270	11,687	10.5	13.8
Textiles	2,106	2,279	2,302	8.2	1.0
Other Nondurables	10,273	11,300	12,430	10.0	10.0
TOTAL NONDURABLES	55,035	68,078	73,888	23.7	8.5
Excluding Petroleum	39,415	43,827	48,182	11.2	9.9
ALL MANUFACTURING	116,566	133,503	142,934	14.5	7.0
Excluding Petroleum	100,946	109,252	117,228	8.2	7.2
Mining	4,088	6,116	6,923	49.6	13.2
Railroads	588	1,148	1,286	96.9	12.0
Airlines	1,460	672	717	-53.9	6.7
Electric Utilities	9,984	10,393	11,744	4.1	13.0
Gas Utilities	5,448	6,145	6,207	12.8	1.0
Commercial	74,554	86,483	95,131	16.0	10.0
Other Nonmanufacturing	13,325	13,592	15,630	2.0	15.0
ALL NONMANUFACTURING	109,447	124,549	137,638	13.8	10.5
ALL BUSINESS	226,013	258,052	280,572	14.2	8.7

NOTE: Percent changes are based on the survey. Dollar amounts refer to industry totals, not just to companies in the survey. Industry totals for 1980 are derived by applying the 1979-80 percent change to 1979 estimated profits. Figures exclude profits for foreign direct investment.

SOURCES: Federal Trade Commission, Dept. of Commerce, American Railroad Association, Civil Aeronautics Board, Edison Electric Institute, American Gas Association, McGraw-Hill Publications Company Department of Economics.

TABLE II

PROFIT MARGINS

HOW FIRMS EXPECT 1980 MARGINS WILL COMPARE TO 1979

INDUSTRY	--% Companies Answering:- Higher	Lower	Same
Iron & Steel	23%	69%	8%
Nonferrous Metals	0	88	13
Electrical Machinery	48	41	11
Machinery	42	42	16
Autos Trucks & Trailers	50	50	0
Aerospace	25	42	33
Fabricated Metals	43	30	26
Instruments	50	38	13
Stone, Clay & Glass	37	53	11
Other Durables	43	50	7
TOTAL DURABLES	39	47	15
Chemicals	33	29	38
Paper & Pulp	17	50	33
Rubber	55	27	18
Petroleum	31	63	6
Food & Beverages	52	24	24
Textiles	36	36	29
Other Nondurables	32	45	23
TOTAL NONDURABLES	37	38	25
ALL MANUFACTURING	38	43	19
Mining	64	18	18
Railroads	50	25	25
Airlines	33	67	0
Electric Utilities	22	48	30
Gas Utilities	23	54	23
Commercial	35	35	30
Other Nonmanufacturing	29	38	33
ALL NONMANUFACTURING	33	40	27
ALL BUSINESS	37	42	21

NOTE: Profit margin is defined in the survey as pretax profits as a percent of sales. Percents are an average of company responses.

TABLE III

CASH FLOW

PERCENT CHANGE FIRMS EXPECT IN 1980 CASH FLOW

INDUSTRY	Expected Change In Cash Flow 1979-80
Iron & Steel	5%
Nonferrous Metals	- 8
Electrical Machinery	8
Machinery	13
Autos, Trucks & Trailers	-15
Aerospace	13
Fabricated Metals	12
Instruments	12
Stone, Clay & Glass	0
Other Durables	- 7
TOTAL DURABLES	6
Chemicals	12
Paper & Pulp	4
Rubber	7
Petroleum	- 4
Food & Beverages	15
Textiles	5
Other Nondurables	11
TOTAL NONDURABLES	6
ALL MANUFACTURING	6
Mining	5
Railroads	4
Airlines	2
Electric Utilities	8
Gas Utilities	- 1
Commercial	12
Other Nonmanufacturing	15
ALL NONMANUFACTURING	11
ALL BUSINESS	8

NOTES: Cash flow is defined in the survey as addition to retained earnings plus depreciation allowances. Industry totals have been derived by weighting individual company responses by size of company, as measured by company's profits. Individual industries were weighted by size of the industry to derive figures for the aggregate categories--durables, nondurables, manufacturing, and nonmanufacturing.

TABLE IV

FINANCING

PERCENT OF CAPITAL EXPENDITURES FIRMS EXPECT TO FINANCE INTERNALLY

INDUSTRY	---Financed Internally--- 1979 (estimated)	1980 (expected)	---Financed Externally-- 1979 (estimated)	1980 (expected)
Iron & Steel	98%	83%	2%	17%
Nonferrous Metals	99	92	1	8
Electrical Machinery	86	74	14	26
Machinery	88	79	12	21
Autos, Trucks & Trailers	99	74	1	26
Aerospace	98	96	2	4
Fabricated Metals	87	79	12	21
Instruments	83	70	17	30
Stone, Clay & Glass	87	90	13	10
Other Durables	72	61	28	39
TOTAL DURABLES	87	76	13	24
Chemicals	90	82	10	18
Paper & Pulp	77	77	23	23
Rubber	99	77	1	23
Petroleum	89	84	11	16
Food & Beverages	74	78	26	22
Textiles	95	94	5	6
Other Nondurables	83	83	17	17
TOTAL NONDURABLES	86	82	14	18
ALL MANUFACTURING	87	79	13	21
Mining	64	65	36	35
Railroads	51	46	49	54
Airlines	61	49	39	51
Other Transportation	50	52	50	48
Communications	66	66	34	34
Electric Utilities	37	33	63	67
Gas Utilities	84	68	16	32
Commercial	84	86	16	14
Other Nonmanufacturing	65	65	35	35
ALL NONMANUFACTURING	63	61	37	39
ALL BUSINESS	74	69	26	31

NOTE: Industry totals were derived by weighting individual company responses by company capital expenditures. Industry aggregates were obtained by weighting industry percentages by industry capital expenditures.

TABLE V

EXTERNAL FINANCING

WHERE FIRMS EXPECT TO OBTAIN EXTERNAL FUNDS IN 1980

	------% Companies Indicating Their Main Source Will Be:-----					
INDUSTRY	Banks	Bond Market	Commercial Paper	Insurance Companies	New Stock	Other
Iron & Steel	22%	22%	22%	33%	0%	0%
Nonferrous Metals	60	0	0	0	0	40
Electrical Machinery	47	27	7	7	0	13
Machinery	76	6	6	12	0	0
Autos, Trucks & Trailers	100	0	0	0	0	0
Aerospace	57	0	0	14	0	29
Fabricated Metals	69	0	0	19	0	13
Instruments	63	13	0	13	13	0
Stone, Clay & Glass	46	15	15	8	0	15
Other Durables	43	29	0	0	0	29
TOTAL DURABLES	58	12	6	12	1	12
Chemicals	24	24	18	18	0	18
Paper & Pulp	25	38	25	0	0	13
Rubber	50	0	0	25	0	25
Petroleum	80	10	10	0	0	0
Food & Beverages	37	0	21	16	11	16
Textiles	50	10	0	20	0	20
Other Nondurables	64	9	0	18	0	9
TOTAL NONDURABLES	44	13	13	14	3	14
ALL MANUFACTURING	52	12	9	13	2	13
Mining	75	0	0	13	0	13
Railroads	20	20	0	10	0	50
Airlines	50	0	0	50	0	0
Electric Utilities	7	67	15	0	11	0
Gas Utilities	38	25	13	13	0	13
Commercial	60	13	20	7	0	0
Other Nonmanufacturing	65	20	5	0	0	10
TOTAL NONMANUFACTURING	40	30	10	7	3	10
ALL BUSINESS	48	18	9	11	2	12